



MINUTES
Economic Development Authority
May 17, 2022

CALL TO ORDER

The Economic Development Authority meeting was called to order at 5:32 pm.

Present: Chair: Jahn Dyvik; Board: Deirdre Kvale, Mike Feldmann, Charlie Miner, Gina Joyce, and Tim Hultmann

Staff Present: City Administrator/Executive Director: Scott Weske; and City Clerk: Jeanette Moeller

Absent: Board: Sahand Elmtalab (with prior notice)

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Miner, seconded by Feldmann, to approve the agenda. Ayes: all.

CONSENT AGENDA

The Consent Agenda consisted of:

- A. Approve Minutes of April 19, 2022 Economic Development Authority Meeting

A motion was made by Kvale, seconded by Joyce, to approve the Consent Agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the EDA during Open Correspondence.

BUSINESS ITEMS

Consider Approval of First Amendment to Purchase Agreement with the Barbara A. Hendrickson Revocable Trust

Scott Weske, Executive Director, explained that City Attorney Thames was unable to attend tonight's meeting. He summarized the request to amend the previously approved Purchase Agreement with the Barbara A. Hendrickson Revocable Trust to extend the closing deadline for the purchase of City owned property to October 21, 2022. Doing so will allow time for the purchaser to obtain some of the necessary survey work and meet land use application requirements.

A motion was made by Hultmann, second by Miner, to approve the First Amendment to Purchase Agreement with the Barbara A. Hendrickson Revocable Trust dated May 4, 2017 and recommend ratification by the City Council and corresponding authorization of the Mayor and City Administrator to execute the same. Ayes: all.

Discussion Regarding Restaurant Concept for City-Owned Property at 1905 W Wayzata Boulevard – MVK Capital

City Clerk Moeller recalled that at the last EDA meeting there had been mention of interest in some sort of a smaller restaurant on the former BP property and explained that the City had been contacted by an individual with MVK Capital about a restaurant that was working on potentially locating at a different location in the City. After the last EDA meeting, staff contacted them and discussed the possibilities for their project on this site. The current proposal being shared with the EDA is not fully fleshed out with a lot of architectural renderings, but rather, the intent tonight is to gauge the interest in this concept from the EDA. She provided an overview of the proposal and site layout, noting that it would meet setback requirements and substantially meet parking requirements. Land use applications required would include a CUP for an outdoor patio, a variance for parking distance from the right-of-way, and a variance request to not include the patio in the calculation for parking requirements. She explained that from a planning and zoning perspective, nothing seems unreasonable about this proposal or the applications it would require, and the layout appears to really maximize how big the restaurant could be. She introduced Glen Mullenbach with Continuum Construction, representing MVK Capital, who was in attendance and available to answer questions from the EDA.

Board member Kvale inquired about the size and seating capacity of the restaurant.

Glen Mullenbach, Continuum Construction, clarified that MVK Capital has not directly shared details with him such as the seating capacity or about what type of restaurant it is. He explained that they had just provided him with their mixture of kitchen and dining needs so he could figure out the parking requirements.

Moeller mentioned that the restaurant concept that was initially shared with her was for a Tono's Pizzeria with brick-oven pizzas and cheesesteak sandwiches. She noted that they currently have other locations in Coon Rapids, Maplewood, and St. Paul and believes that they are working on a location in Chanhassen.

Mr. Mullenbach added that the site plan he submitted would meet the parking requirements, except for the 16' x 16' patio which would require an additional six parking spots.

Moeller advised that Tono's Pizzeria, if that is still the concept, produces food rather quickly so they tend to have a very active take-out model, for example lunchtime 'grab and go' customers in addition to the dining, and noted that they also typically carry a liquor license.

Mr. Mullenbach shared that he was also told that the restaurant would typically only have five members at their peak staffing times.

Board member Kvale reflected that she liked the layout but expressed concern about a scenario where you would drive to the back of the lot and find it full because there is not room to turn around.

Mr. Mullenbach referred to the little hammerhead area on the drawing for backing. He noted that the City has a 26 foot aisle requirement where many cities have 24 feet, so between the hammerhead and the wider drive aisle he believed there would be room to turn around.

Chair Dyvik commented that at the last EDA meeting he had done offered an example of what size building may be able to fit on the site in a differing location and stated that he believed it made sense that something like the proposal could work. He asked about the possibility of keeping multiple entrances to the property there is more accessibility for traffic to get in and out.

Mr. Mullenbach indicated that would mean they would probably end up losing four to five parking spots. He stated that there may be a way if, for example, the building could be moved and then could be laid out differently. He reported that he had just put together the site plan based on what was allowed under zoning standards, but added that he was presenting in order to hear ideas from the EDA on what they would like and would approve.

Moeller explained that there could be changes made but some reasonable variances may be necessary in order to achieve a project that the EDA would be excited about. She reiterated that the idea behind having Mr. Mullenbach come tonight was to broach the subject and gauge the EDA's interest to determine whether the applicant may want to put more resources into this project, or if after seeing it, the EDA would decide it wasn't something they are interested in. She reminded the EDA that outside of this proposal there have been a lot of conversations that have involved the neighboring Rettinger property and what may happen with that in the future. She stated that she had spoken with Mr. Rettinger earlier in the day about possibilities for the future, and she received the message that the City should move ahead and focus on its own property and not include his in their plans. She noted that he had apparently been approached by four different individuals this year and continues to not be interested in further conversation. She observed that he may be open to something involving only the small parcel he owns adjacent to the former BP lot if it was for a small project.

Chair Dyvik opined that something like the project being proposed would be a great fit for the lot and would provide opportunities for community engagement on this corner. He added that he does not like to see buildings pushed back but understands the City kind of forces that because of its setback requirements.

Board member Feldmann asked if the only variance required on the current concept would be related to the parking associated with the patio space.

Moeller clarified that it would also need a variance for the parking setback from right-of-way. She stated that based on tonight's discussion, she believes the EDA would be open to different locations for the building on the lot and to a project that may require a setback variance.

Chair Dyvik noted that in thinking about it, the lot is quite small, so having the building setback is really not going to be a huge distance for people to walk.

Moeller shared that if there hadn't been technical difficulties she had been planning to show some aerial photos that would show the proposed design ends up with the building more than halfway forward because of the size of the lot.

Board member Kvale asked if the proposed building was consistent with the size of Tono's other locations.

Mr. Mullenbach stated that it is consistent because they had asked him for at least a 2,200 square foot building.

Moeller noted that there had not been discussion about finance numbers yet and reminded the EDA that this is a really early concept being discussed to gauge interest.

The EDA discussed possible different locations a building could be situated on the lot and the required variances that would be needed.

Moeller suggested that the EDA may want to give feedback for things like their desire for the proposal to meeting the parking requirements and if they may be open to a different layout on the lot including bringing it closer to Wayzata Boulevard W.

Board member Joyce reflected that the property has a partial lakeview and to have a restaurant with a patio and a partial lake view would be appealing.

Board member Feldmann inquired about the parking calculations for the patio seating and noted that it would not be used in the winter months, and in the summer months he expected there would be more pedestrian customers.

Moeller responded that she could request information from Planning Consultant Rybak on how outdoor seating parking calculations are determined.

Mr. Mullenbach noted that he had asked Planning Consultant Rybak about this and she believed it would be treated the same as going inside, so it would require a handful of more spaces.

Chair Dyvik stated that they could also do what Birch's does and remove tables from inside in order to increase their patio.

Moeller clarified that Birch's had not done so on a seasonal basis, but had permanently converted a portion of their dining space into a designated take-out area as part of a post-COVID measure. Their new patio was intended to make up for seats lost in the conversion.

Board member Feldmann observed that he understands that the City needs to have parking rules, but practically, if they have a patio, it will not be used year round and he reiterated that he thinks it will be used at the time when there will be more pedestrian customers.

Moeller commented that this would likely be the exact justification for a variance request to exclude the patio seating from the parking requirement.

Chair Dyvik suggested that there may also be a possibility of having a cross parking agreement with another area business.

Board member Miner stated that he loves the fast-casual concept but worries a bit that there is already Carbone's, Primo Plates & Pours, and the Red Rooster's new brick-oven pizza offerings in town.

Board member Joyce joked that the City could become the 'pizza capital' of the area, but noted that the Tono's also offers cheesesteak sandwiches.

Chair Dyvik addressed Board member Miner's point by stating that the City will be adding about 300+ residents on the main strip in the near future with all the projects that are coming. Additionally there are townhomes being added in Orono so he feels there will be a lot more population that would be within walking distance to support restaurants. He confirmed that there would be more competition for the existing businesses, but there will also be more customers.

Board member Kvale suggested moving the building further forward on the lot to take advantage of the lake view and then rearranging the parking to be behind the building.

Chair Dyvik asked the EDA to share their thoughts on this project.

Board member Kvale stated that she likes the concept and thinks the parking is more important than the setbacks. Overall she is open to the idea moving forward with more details.

Board member Feldmann agreed but noted that the one thing he would worry about would be the setback getting too close to Wayzata Boulevard W.

Chair Dyvik stated that to him this doesn't seem too different than what they have at the Town Center.

Board member Miner voiced support for the concept.

Board member Joyce also agreed with what had already been stated by fellow Board members and indicated they should definitely keep a patio space because it would be a nice spot to be able to go have lunch or dinner. She confirmed that there would not be a drive-thru component to the restaurant.

Moeller recalled that Tono's Pizzeria was the restaurant that had been shared with her when they first began discussions, but cautioned that it is possible that the primary restaurant has changed since that time.

Mr. Mullenbach stated that he attempted to draft a drive-thru scenario, but once he reached the parking calculations, he found it was not possible.

Board member Joyce stated that she thinks with this lot whatever comes in would need to be either dine-in or drive-thru and not both.

Chair Dyvik emphasized that the EDA has wanted to see more of a pedestrian connection to this corner and not just cars coming through.

Board member Joyce clarified that she likes that they are not proposing a drive-thru and would love it if people could walk to the building from the sidewalk and bring the building up even with Primo Plates & Pours, for example.

Board member Hultmann commented that he has lived in the City for 44 years and parking has always been an issue and he doesn't think it will go away until the City Council decides to get rid of some of the parking parameters and be more flexible. He explained that he would suggest taking a look at the whole parking situation in the City and get the Planning Commission and Planning Consultant involved at taking another look at ways to be more flexible and change the codes, if necessary.

Chair Dyvik stated that he would agree that the City's parking ordinances are too restrictive.

Moeller cautioned that there have been parking issues in the past that have been created by variances, but she did not think it would be a bad idea to take a look at the parking code in general. She indicated that would be a good conversation for the future, but for tonight, the question before the Board is whether the EDA is interested in a restaurant concept for this site and whether City staff should continue talking with these individuals.

Chair Dyvik responded that he thinks it is clear that the EDA is definitely interested in this concept.

Mr. Mullenbach indicated that he was happy to hear that the EDA is interested in exploring options for moving the building closer to the street because that was also the feedback he had gotten from MVK Capital.

OTHER BUSINESS

Creation of For Sale Flyer - Moeller explained that she had been focusing on the current restaurant proposal for the last few weeks so she had not made significant progress on a for sale flyer to market the lot, but she has imagery now ready to use if the EDA pursues an alternate route. Chair Dyvik mentioned that his commercial realtor contact called him earlier in the day and they had a conversation about ways to get the property listed on MNCAR without such a large expense.

Updates on Zvago and The Borough Projects – Council member asked when the building on Virginia Avenue for The Borough project would resume. Moeller reported that the Zvago building permit had been issued yesterday. She shared that there has been a change in The Borough project and explained that the partnership Lifestyle Communities had lined up took a turn and they are currently in talks with what appears to be a quality developer in Wayzata that would assume all of the rights and responsibilities of the existing agreements to move forward with The Borough project as approved. She explained that Lifestyle Communities would essentially be transferring ownership of The Borough, LLC corporation to a new entity. Weske added that he believes it would be a good transfer and reiterated that everything, including the approvals and plans, would all stay the same and the project would just move forward under a different builder.

ADJOURN

Hearing no objection, Chair Dyvik adjourned the meeting by general consent at 6:29 pm.

Respectfully submitted,
Scott Weske, Executive Director